

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-11 ISO-00 AGR-05 STR-04 TRSE-00

FEA-01 USIE-00 INRE-00 NSCE-00 SSO-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 ITC-01

PRS-01 SP-02 OMB-01 /098 R

DRAFTED BY EB/OT/TA:TFO'HERRON:JVM

APPROVED BY EB/OT:CWSCHMIDT

EUR/RPE:JMCCARTHY

EB/OT/TA:GLSTREEB

EB/ITP:MWGLITMAN

AGRICULTURE:GFRASER

STR:JSTARKEY

TREASURY:JRAY

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O R 120036Z MAR 76

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USDEL MTN GENEVA

USMISSION GENEVA

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E.O. 11652:N/A

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TAGS:ETRD, EAGR, EC

SUBJECT:INITIATION OF GATT PROCEEDINGS ON EC'S NFDM
DISPOSAL SCHEME

REF: STATE 56777

1. MISSION REQUESTED TO PRESENT TO EC COMMISSION ON MARCH
12 FORMAL NOTE ALONG FOLLOWING LINES, AFTER ADDING
APPROPRIATE COMPLIMENTARY LANGUAGE:

(A) THE UNITED STATES HAS NOTED WITH REGRET THAT
ON MARCH 6, 1976, THE COMMUNITY'S COUNCIL OF AGRICULTURAL
MINISTERS DECIDED TO ADOPT A REGULATION WHICH REQUIRES
THAT IMPORTERS OR DOMESTIC USERS OF ANIMAL FEED PROTEINS
MUST PURCHASE NON-FAT DRY MILK, IN AN AMOUNT YET TO BE
DETERMINED, FOR EACH METRIC TON OF SUCH PROTEINS USED
IN MEMBER STATES DURING THE SEVEN MONTHS BEGINNING
MARCH 15, 1976. A "PROTEIN CERTIFICATE," TO BE GRANTED
UPON DEPOSIT OF 30 UNITS OF ACCOUNT, IS TO BE REQUIRED
FOR THE IMPORTATION OF EACH TON OF SOYBEAN CAKE OR
SOYBEAN MEAL (OR THE EQUIVALENT THEREOF IN SOYBEANS)
AND SIMILAR VEGETABLE PRODUCTS. THE DEPOSIT IS TO BE
REFUNDED ONLY UPON PROOF THAT THE REQUIRED AMOUNT OF
NON-FAT DRY MILK HAS BEEN PURCHASED FROM INTERVENTION
STOCKS.

(B) THE CERTAIN EFFECT OF THIS PROGRAM WILL BE THE
MIXING OF NON-FAT DRY MILK IN ANIMAL FEEDS, WHICH IS THE
PRECISE RESULT INTENDED. THE PROGRAM IS THUS A MIXING
REGULATION, IS INCONSISTENT WITH ARTICLE III OF THE
GENERAL AGREEMENT ON TARIFFS AND TRADE, AND SHOULD BE
TERMINATED.

(C) THE UNITED STATES PRESENTLY HAS A BINDING
OF ZERO DUTY IN THE COMMUNITY'S COMMON EXTERNAL TARIFF
ON SOYBEANS, SOYBEAN MEAL, AND SOYBEAN CAKE, AND OTHER
BINDINGS ON SEVERAL ADDITIONAL ITEMS AFFECTED BY THE
MIXING REGULATION. EXPORTS OF THESE PRODUCTS
ACCOUNT FOR A SUBSTANTIAL PERCENTAGE OF ALL AMERICAN
AGRICULTURAL SALES TO THE MEMBER STATES OF THE
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COMMUNITY, AND THE VALUE OF THESE EXPORTS IN 1975 WAS
NEARLY TWO BILLION DOLLARS. THE UNITED STATES IS DETER-
MINED TO PREVENT ANY UNDERMINING OF THIS BINDING
OR EROSION OF ITS VALUE.

(D) THE UNITED STATES REQUESTS THAT THE COMMUNITY
AGREE TO CONSULTATION ON THIS MATTER UNDER ARTICLE XXIII(1)
OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE, WITHOUT

PREJUDICE TO THE RIGHTS OF THE UNITED STATES UNDER OTHER PROVISIONS OF THE GATT. IN VIEW OF THE URGENCY WITH WHICH THE UNITED STATES VIEWS THIS MATTER, WE REQUEST THAT CONSULTATIONS BEGIN AS SOON AS POSSIBLE, AND PROPOSE THE WEEK OF MARCH 22. CONSULTATIONS IN EITHER WASHINGTON OR BRUSSELS WOULD BE ACCEPTABLE TO THE UNITED STATES.

2. FOR GENEVA. MISSION SHOULD PROVIDE A COPY OF FOREGOING TO GATT SECRETARIAT FOR ITS INFORMATION. KISSINGER

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Message Attributes

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TAGS: ETRD, EAGR, EC
To: EC BRUSSELS
Type: TE
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